



New Jersey Turnpike Authority Financing Plan

November 1999





Prepared by
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Historical Background



Pre-1995 Financial Status



- 1991 100% toll increase for commercial vehicles, 70% toll increase for passenger vehicles
- 1992 purchase of 4.4 miles of I-95 north of Interchange 18W from the State of New Jersey for \$400 million
- Declining commercial vehicle volume
- Structural operating deficit of almost \$100,000,000
- Annual operating budget growth was projected at 7% for the period 1991-2001
- Planned 1995 toll increase of 50%

1995-1999 Financial Status



- Implementation of a three-year Plan of Finance
- Toll stabilization for the period 1995-2000
- Significant operating budget reductions of more than \$45 million over the the period 1996-1999
- Downsizing of workforce from 1900 FTEs in 1994 to 1575 FTEs at present
- Reestablished open dialogue with the New Jersey Motor Truck Association
- Commercial traffic increase of approximately 1,000,000 trucks per year
- Reduction in structural operating deficit of approximately \$60 million while eliminating the 1995 planned toll increase
- Increased annual revenue growth averaging 3.3%

12/19/95

New Jersey Turnpike Authority
Projected Revenues, Expenses, & Debt Service Coverage
Financial Model
1995 - 1998

Summary

Operating needs are met through operating efficiencies, cash management strategies and partnering initiatives between the Authority and the State. The Authority can raise \$400 million in new capital and maintain level debt service at a maximum annual amount of \$264 million.

	<u>Assumptions</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Revenues:					
Toll	+1%(96-97)+2%(98)	\$327,910	331,190	334,501	341,191
Concession	+4%(96-98)	13,041	13,563	14,106	14,670
Investment	+5%(96-98)	12,393	12,938	13,585	11,014
Miscellaneous		1,702	1,702	1,702	1,702
Other	(1)	0	72,500 A	70,000 B	65,000 C
		355,047	431,893	433,894	433,577
Operating Expenses	(2)	(176,642)	(164,286)	(161,000)	(161,000)
Net Revenues		178,405	267,607	272,894	272,577
Debt Service	(3)	(99,199)	(200,999)	(221,062)	(233,905)
Maintenance Reserve	+2% (96-98)	(23,128)	(23,591)	(24,062)	(24,544)
Special Project Reserve	(4)	(24,215)	(26,500)	(20,860)	(20,000)
State Payment		(12,000)	(12,000)	(12,000)	(12,000)
Net Available Funds		19,863	4,517	(4,890)	(17,871)
General Reserve Transfers		0	0	4,890	17,871
		\$19,863	4,517	0	0
Debt Service Coverage		1.80	1.33	1.26	1.24
Available GRF		31,342	42,205	46,722	41,831
Transfers (to)/from Revenue		19,863	4,517	(4,890)	(17,871)
Payments for Projects		(9,000)	0	0	0
Ending GRF		42,205	46,722	41,831	23,960

(1) A- 1996 - Transfer Hightstown Bypass to Department of Transportation

B- 1997 - Utilize Surplus Construction Proceeds - this amount has been reviewed by the Director of Maintenance & Engineering Services/Chief Engineer & General Consultant

C- 1998 - Replace existing Debt Reserve Fund with the purchase of Debt Reserve Insurance Policies.

(2) 1996 - 7.0% Decrease in Operating Expenses including reduction in State Police Costs of \$2,500,000, capitalization of Salaries & Fringe Benefits of \$2,700,000, and contractual & obligated wage increases.
1997 & 1998 - Includes wage increases to unionized employees in amounts presently proposed to unions, savings achieved through health benefits reductions, work rule changes, full impact of outsourcing of utility persons & custodians and reorganization of landscaping function, and other cost containment measures and incentives to be determined through an ongoing review of the Authority's operations. This review may result in additional reduction in expenses.

(3) Total Debt Service	Per Official Statement	(235,273)	(236,018)	(237,080)	(237,923)
Less: Capitalized Interest	Per Official Statement	6,074	19	18	18
Additional Capitalized Interest - From Interest Income		130,000	35,000	16,000	4,000
		(99,199)	(200,999)	(221,062)	(233,905)

(4) 1996 - Required Funding based on 1995 Estimated Expenditures & Bond Resolution Requirements

1997 - Limit 1996 Spending to \$15,660,000

1998 - Limit 1997 Spending to \$15,000,000

January 28, 1997

New Jersey Turnpike Authority
Projected Revenues, Expenses, & Debt Service Coverage
Amended Financial Model
1996 - 1998

	Assumptions	1996	1997	1998
Revenues:				
Toll	+2%	\$336,342	343,069	349,930
Concession	+4%	14,128	14,693	15,281
Investment	+5%(98) (1)	17,805	13,805 B	14,495
Miscellaneous		1,296	3,000	1,300
Other	(1)	74,522 A	72,806 B	21,274 C
		444,093	447,373	402,280
Operating Expenses	(2)	(164,203)	(162,950)	(165,000)
Net Revenues		279,890	284,423	237,280
Debt Service	(3)	(200,999)	(221,062)	(222,905)
Maintenance Reserve	+2% (96-98)	(23,591)	(24,062)	(24,543)
Special Project Reserve	(4)	(26,500)	(18,500)	(20,700)
State Payment		(12,000)	(12,000)	(12,000)
Net Available Funds		16,800	8,799	(42,868)
General Reserve Transfers		0	0	42,868
		\$16,800	8,799	0
Debt Service Coverage		1.39	1.29	1.26
Available GRF		42,428	59,069	67,868
Transfers (to)/from Revenue		16,800	8,799	(42,868)
Payments for Projects		(159)	0	0
Ending GRF		59,069	67,868	25,000

- (1) A- 1996 - Transfer Hightstown Bypass to Department of Transportation and reduction in the Authority's Debt Reserve Requirement.
 B- 1997 - Replace existing Debt Reserve Fund with the purchase of Debt Reserve Insurance Policy. Investment Income is reduced to reflect the depletion of the Debt Reserve Fund.
 C- 1998 - Utilize Surplus Construction Proceeds
- (2) 1996 - Decrease in Operating Expenses of 7% from 1995 as a result of savings achieved through health benefits reductions, work rule changes, outsourcing of utility persons and custodians and reorganization of landscaping function, and other cost containment measures.
 1997 - Decrease of .8% from 1996 through continued scrutiny of Operating Expenses.
 1998 - Increase of 1.2% to account for wage increases to unionized employees.

(3) Total Debt Service	Per Official Statement	(236,018)	(237,080)	(237,923)
Less: Capitalized Interest	Per Official Statement	19	18	18
Additional Capitalized Interest - From Interest Income		35,000	16,000	15,000
		(200,999)	(221,062)	(222,905)

(4) Required Funding based on Estimated Expenditures & Bond Resolution Requirements

December 16, 1997

**New Jersey Turnpike Authority
Projected Revenues, Expenses, & Debt Service Coverage
Second Amended Financial Model**

	<u>Assumptions</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Revenues:				
Toll	(1)	\$336,342	\$351,173	\$359,952
Concession	(2)	14,128	14,345	14,600
Investment	(3)	17,805	12,449 B	10,000
Miscellaneous		1,296	3,203	1,200
Other	(4)	74,522 A	72,806 B	0
		<u>444,093</u>	<u>453,976</u>	<u>385,752</u>
Operating Expenses	(5)	(164,203)	(162,950)	(167,000)
Net Revenues		<u>279,890</u>	<u>291,026</u>	<u>218,752</u>
 Debt Service	(6)	(200,999)	(221,062)	(220,504)
Maintenance Reserve	(7)	(23,591)	(24,062)	(24,543)
Special Project Reserve	(8)	(26,500)	(18,500)	(14,500)
State Payment		(12,000)	(12,000)	(12,000)
		<u>16,800</u>	<u>15,402</u>	<u>(52,795)</u>
Net Available Funds		0	0	52,795
General Reserve Transfers		<u>\$16,800</u>	<u>\$15,402</u>	<u>\$0</u>
 Debt Service Coverage		<u>1.39</u>	<u>1.32</u>	<u>1.23</u>
 Available GRF		<u>42,428</u>	<u>59,069</u>	<u>74,471</u>
Transfers (to)/from Revenue		16,800	15,402	(52,795)
Payments for Projects		(159)	0	0
Ending GRF		<u>59,069</u>	<u>74,471</u>	<u>21,676</u>

(1) 1996 Toll Revenue Growth - 3.1%

1997 Toll Revenue Growth - 4.4% - As projected by Wilbur Smith Associates

1998 Toll Revenue Growth - 2.5% - As projected by Wilbur Smith Associates

(2) 1996 Concession Revenue Growth - 12.9%, 1997 - 1.5%, 1998 - 1.8%

(3) 1996 Investment Income increased due to Hightstown Bypass transfer to Revenue Fund.

1997 Investment Income reduced as Debt Reserve Fund replaced by Insurance Policy.

1998 Investment Income reduced as General Reserve Fund is reduced by \$53.4 million.

(4) A- 1996 - Transfer Hightstown Bypass to Department of Transportation and reduction in the Authority's Debt Reserve Requirement.

B- 1997 - Replace existing Debt Reserve Fund with the purchase of Debt Reserve Insurance Policy.

(5) 1996 - Decrease in Operating Expenses of 7% from 1995 as a result of savings achieved through health benefits reductions, work rule changes, outsourcing of utility persons and custodians and reorganization of landscaping function, and other cost containment measures.

1997 - Decrease of .8% from 1996 through continued scrutiny of Operating Expenses.

1998 - Increase of 2.5% to account for wage increases to unionized employees, as well as conversion of State Police to Civilian Dispatchers for the Communications Center.

		<u>1996</u>	<u>1997</u>	<u>1998</u>
(6) Total Debt Service	Per Official Statement	(236,018)	(237,080)	(237,922)
Less: Capitalized Inter	Per Official Statement	19	18	18
Additional Earnings on Capital Funds		35,000	16,000	17,400
		<u>(200,999)</u>	<u>(221,062)</u>	<u>(220,504)</u>

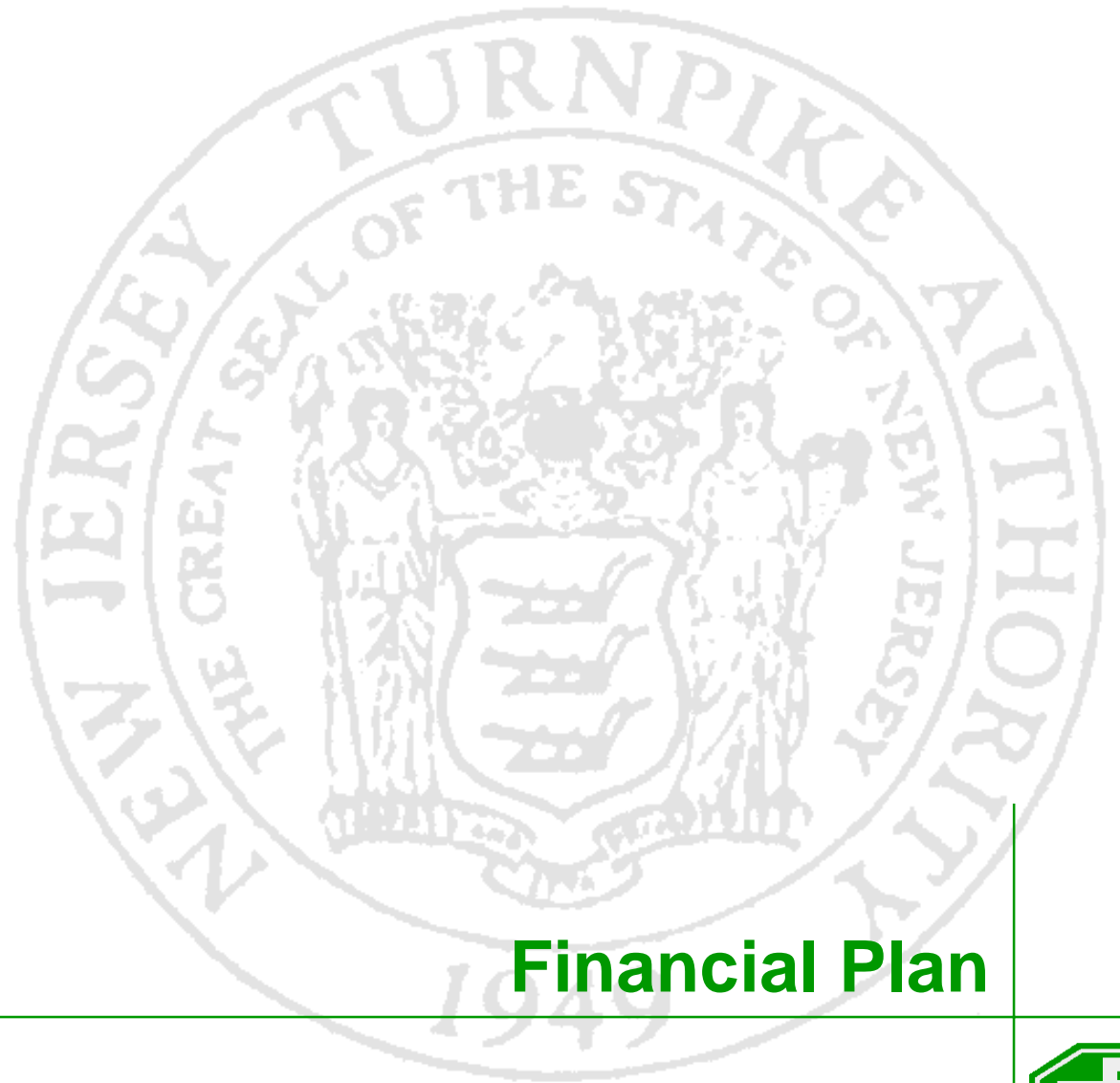
(7) 1996 Increase - 2%, 1997 Increase - 2%, 1998 Increase - 2%

(8) Required Funding based on Estimated Expenditures, Bond Resolution Requirements and Fund Balance.

Other Accomplishments



- Commercial Vehicle Initiatives
 - Expanded parking facilities with longer and wider parking stalls;
 - Off-peak Commercial Vehicle Volume Discount Program for charge account customers
 - Diesel Fuel Discount Program in cooperation with Sunoco.
- Substantial completion of the Business Plan for the 90's capital construction projects, under budget
- Successful procurement, including creative financing, for the design, construction, operation and maintenance of an electronic toll system and fiber optic network
- Agreement with Host Marriott Services Corporation for renovation of 11 service areas along the New Jersey Turnpike. Host to contribute \$25 million of the \$41 million estimated construction cost
- Unprecedented 1998 Agreement with Local 194 I.F.P.T.E permitting week day use of temporary toll collectors to reduce workforce through attrition in anticipation of electronic toll collection
- Successor collective bargaining agreement in place for the period 1999-2003 with the Authority's largest union, Local 194, I.F.P.T.E.



Financial Plan



Financial Plan Objectives



- Eliminate remaining structural cash flow deficit
- Fund long-term Capital Program of \$917 million
- Minimize toll adjustments
- Provide discounts for E-Z Pass customers
- Initiate variable pricing
- Maintain General Reserve balance at no less than \$30 million
- Generate new Supplemental Capital Fund
- Improve credit ratings
- Refinance for debt service savings
- Maintain market access
- Increased contribution to the Transportation Trust Fund in support of improvements to feeder facilities and surrounding transportation infrastructure

Financial Plan Assumptions



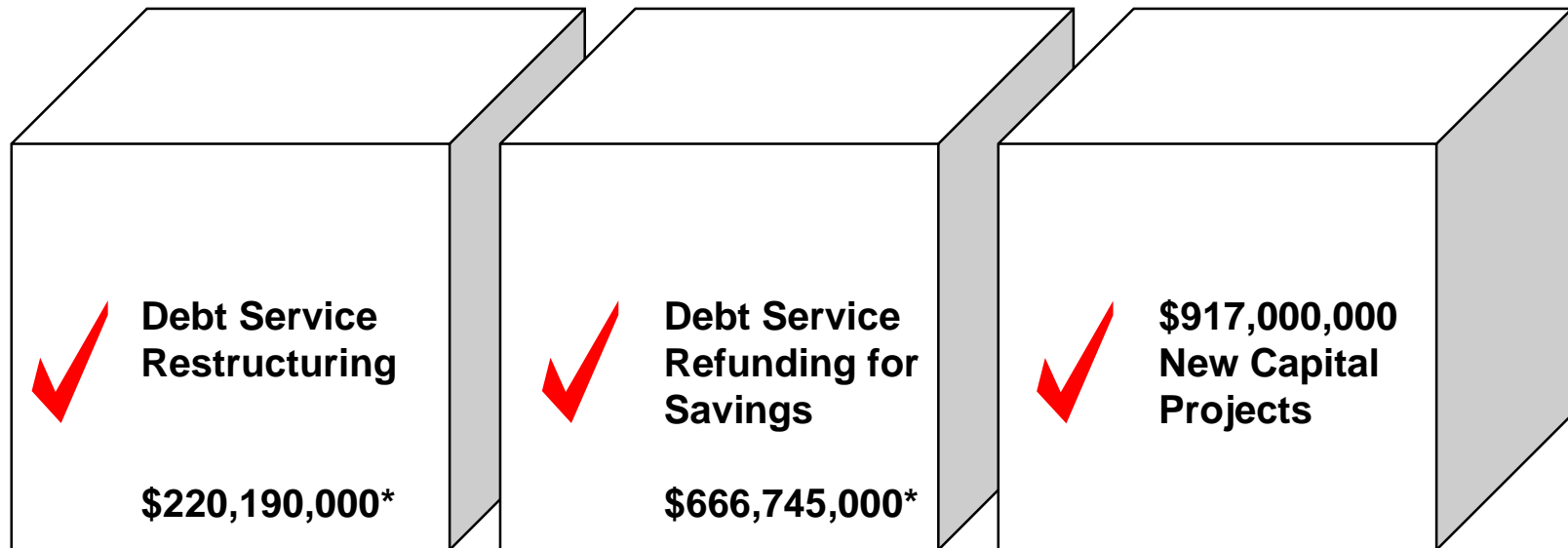
Toll Revenue Projections	1999: Authority actual results through 9/30/99 2000 - 2010: Wilbur Smith Report
Concession Revenues:	Variable ⁽¹⁾
Investment Earnings Rate:	5.2%
Miscellaneous Revenues:	Stable after projecting additional revenue from billboard program
Operating Expenses:	Approximately 2.0% annual growth less projected labor savings from the implementation of electronic toll collection
Capitalized Interest:	18 Months
Maintenance Reserve:	2.5% annual growth
Special Project Reserve:	Growth in accordance with Bond requirements through 2001; grows at 5% annually thereafter
Supplemental Capital Fund:	Beginning in 2003, annual balance based on funds available after meeting all bond requirements while maintaining a minimum of \$30 million in the General Reserve Fund.

⁽¹⁾ Concession revenue decreases in early years as a result of the construction period; it increases thereafter based on the contractual terms of the Authority's contract with Host Marriott Services Corporation and projected increased revenue from improved services.

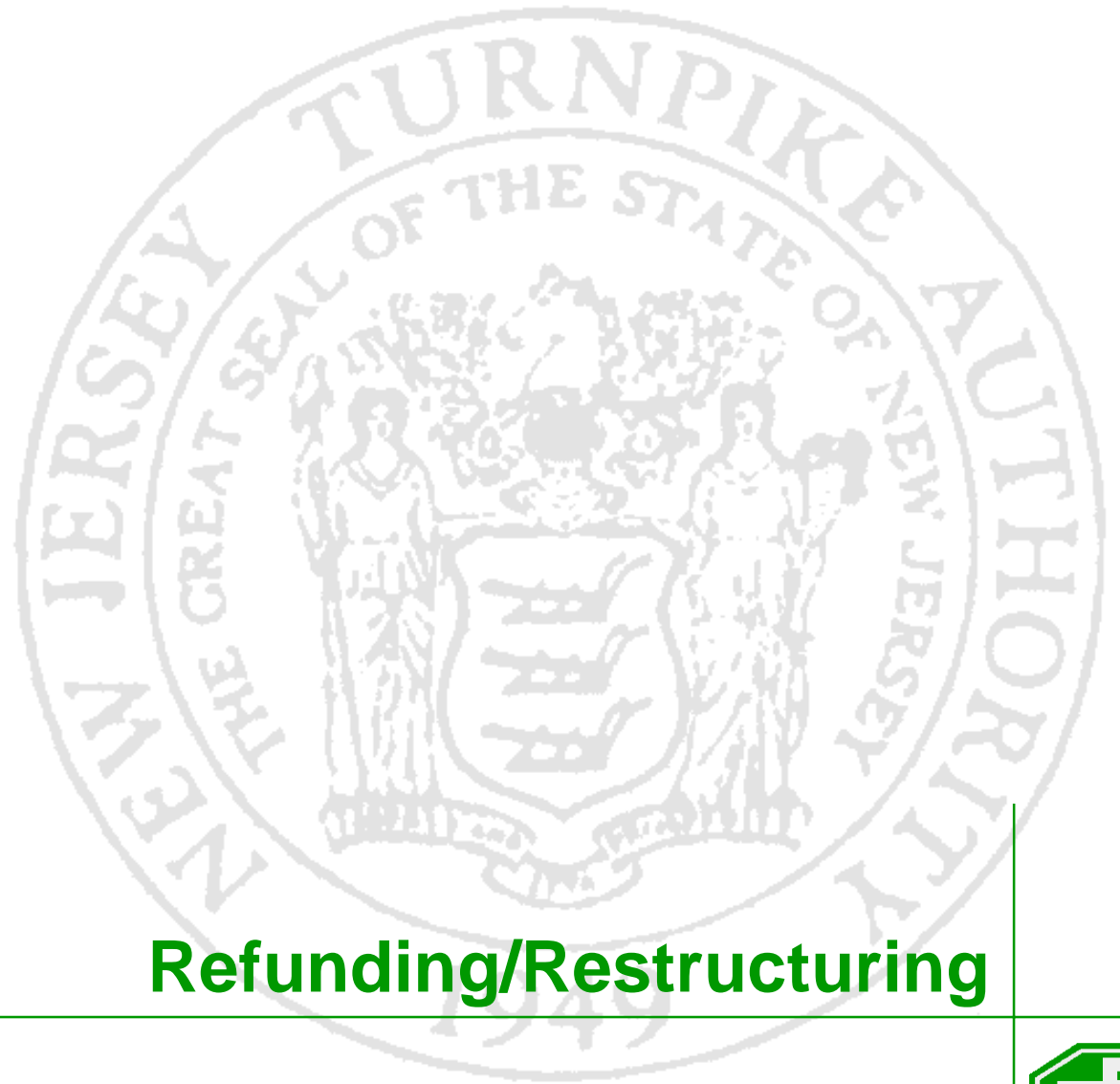
Financial Plan



Building Blocks



*Preliminary



Refunding/Restructuring



Refunding/Restructuring

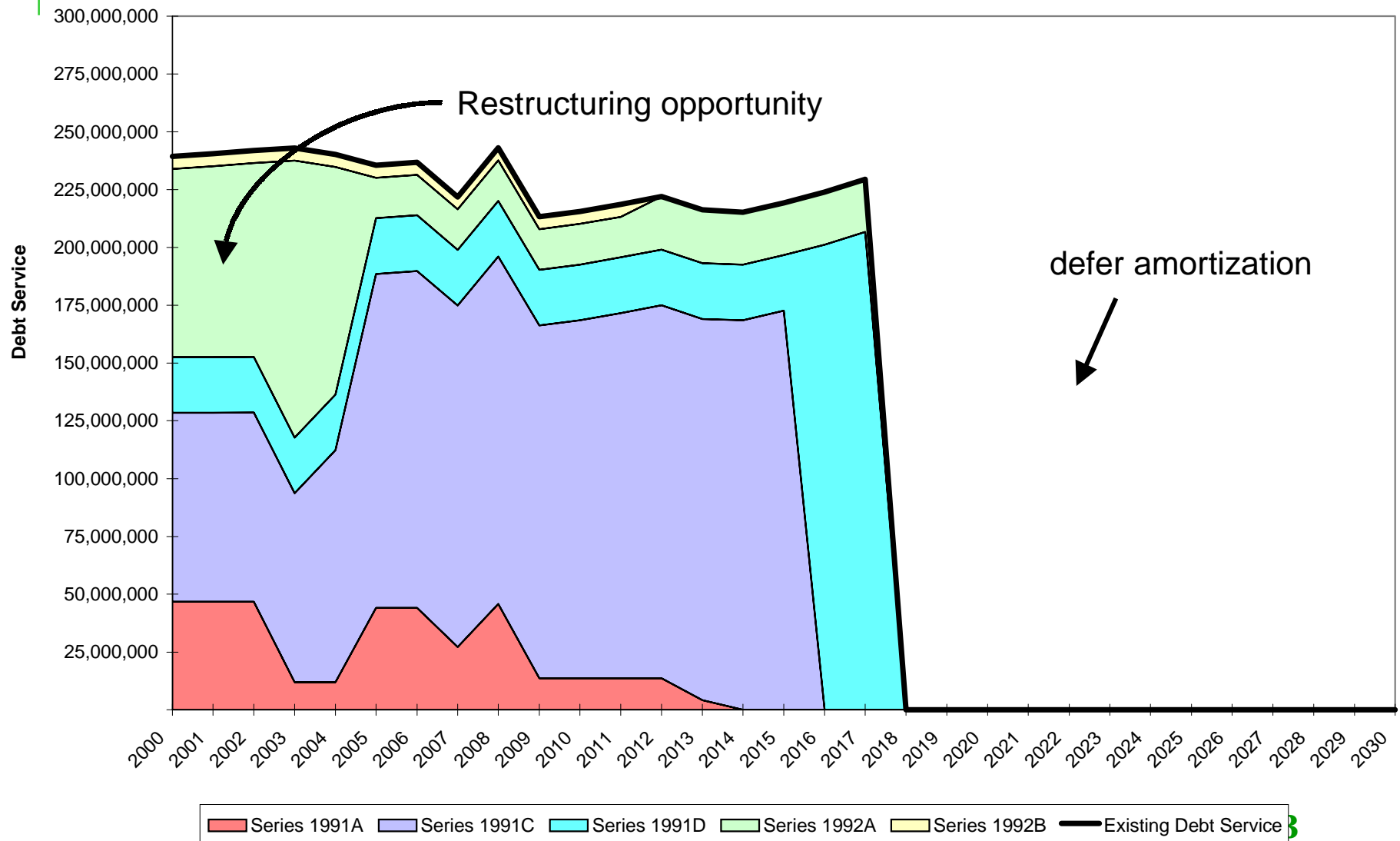


The purpose of the refunding and restructuring is to eliminate the remaining structural operating deficit, to ensure that the Authority meets the coverage requirements set forth in its Bond Resolution and to provide \$40 to \$50 million annually for its Maintenance Reserve and Special Projects Reserve Funds for the next decade. These Funds provide for on-going maintenance to ensure the integrity of the infrastructure and completion of small, short-term capital projects.

Refunding/Restructuring



The Authority's current debt structure requires the relatively rapid amortization of bonds associated with assets having longer useful lives.



Refunding/Restructuring



OUTSTANDING DEBT SERVICE

<u>Year</u>	<u>Series 1991A</u>	<u>Series 1991C</u>	<u>Series 1991D</u>	<u>Series 1992A</u>	<u>Series 1992B</u>	<u>Existing Debt Service</u>
2000	46,795,920.00	81,698,522.50	24,077,900.00	81,400,660.00	5,400,000.00	239,373,002.50
2001	46,804,275.00	81,702,722.50	24,077,900.00	82,551,020.00	5,400,000.00	240,535,917.50
2002	46,826,595.00	81,703,012.50	24,077,900.00	83,917,120.00	5,400,000.00	241,924,627.50
2003	11,963,820.00	81,701,762.50	24,077,900.00	119,826,400.00	5,400,000.00	242,969,882.50
2004	11,963,820.00	100,335,947.50	24,077,900.00	98,466,375.00	5,400,000.00	240,244,042.50
2005	44,138,820.00	144,357,547.50	24,077,900.00	17,550,875.00	5,400,000.00	235,525,142.50
2006	44,052,007.50	145,753,272.50	24,077,900.00	17,549,790.00	5,400,000.00	236,832,970.00
2007	27,124,457.50	147,710,312.50	24,077,900.00	17,555,370.00	5,400,000.00	221,868,040.00
2008	45,853,420.00	150,165,162.50	24,077,900.00	17,552,120.00	5,400,000.00	243,048,602.50
2009	13,684,120.00	152,546,137.50	24,077,900.00	17,553,800.00	5,400,000.00	213,261,957.50
2010	13,690,490.00	154,815,825.00	24,077,900.00	17,548,240.00	5,400,000.00	215,532,455.00
2011	13,687,525.00	157,935,125.00	24,077,900.00	17,548,890.00	5,400,000.00	218,649,440.00
2012	13,642,465.00	161,298,925.00	24,077,900.00	23,053,270.00		222,072,560.00
2013	4,254,620.00	164,834,625.00	24,077,900.00	23,047,900.00		216,215,045.00
2014		168,470,675.00	24,077,900.00	22,630,840.00		215,179,415.00
2015		172,636,500.00	24,077,900.00	22,628,790.00		219,343,190.00
2016			201,077,900.00	22,848,540.00		223,926,440.00
2017			206,679,100.00	22,732,110.00		229,411,210.00
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						

Refunding Candidates

Restructuring Candidates

Combined Refunding/Restructuring Candidates

384,482,355.00 2,147,666,075.00 793,003,400.00 725,962,110.00 64,800,000.00 4,115,913,940.00

Refunding/Restructuring



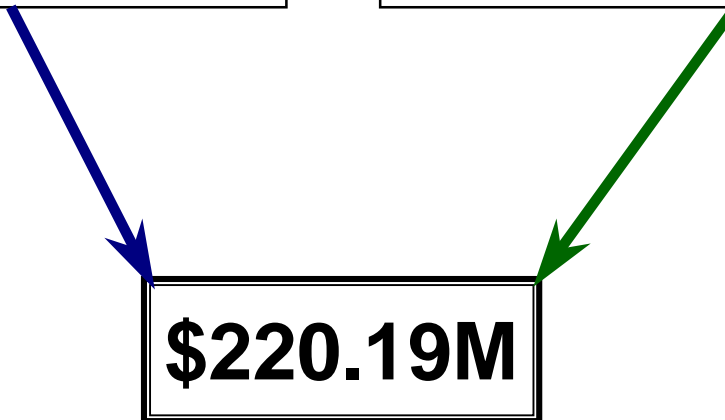
RESTRUCTURING IMPACT (PRINCIPAL ONLY)

Series 1991C

2001	\$2.93M
2002	<u>\$3.11M</u>
	\$6.04M

Series 1992A

2001	\$50.52M
2002	\$54.55M
2003	\$59.08M
2004	\$30.00M
2005	<u>\$20.00M</u>
	\$214.15M



\$220.19M

Refunding/Restructuring



RESULTS

	Refinancing	Restructuring	Total
Issuance Date	3/1/00	3/1/00	
Bonds Refunded	Series 1991A – 2009-14, Series 1991C – 2003-07, 2010-11 Series 1992A – 2004-13,	Series 1991C – 2001-02 Series 1992A – 2001-05	
Total Refunded	\$666,745,000	\$220,190,000	\$886,935,000
Par Amount Refunding	\$666,335,000	\$224,740,000	\$891,075,000
Estimated Yield on Bonds*	5.93%	5.93%	
Present Value Savings/(Cost)	\$19,300,000	(\$7,600,000)	\$11,700,000

*Based on current market conditions

Refunding/Restructuring



OUTSTANDING DEBT SERVICE AFTER REFUNDING

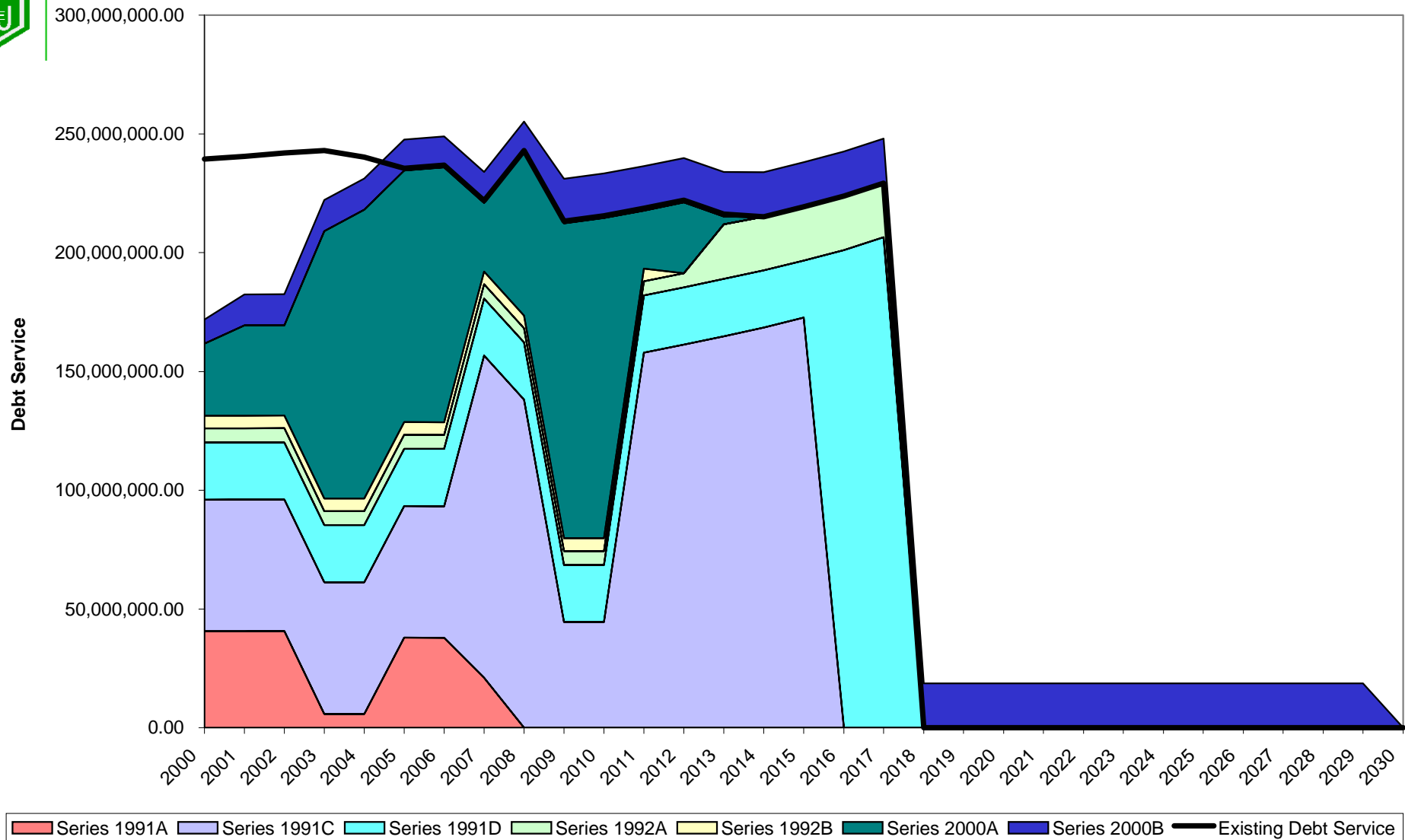
<u>Year</u>	<u>Series 1991A</u>	<u>Series 1991C</u>	<u>Series 1991D</u>	<u>Series 1992A</u>	<u>Series 1992B</u>	<u>Series 2000A</u>	<u>Series 2000B</u>	<u>Series 2000C</u>	<u>Existing Debt Service</u>	<u>New Aggregate Debt Service</u>
2000	40,642,500	55,394,300	24,077,900	1,901,540	5,400,000	30,304,173	10,382,356		239,373,003	168,102,769 ⁽¹⁾
2001	40,650,855	55,394,300	24,077,900	5,917,900	5,400,000	38,145,113	13,068,700	27,893,550	240,535,918	210,548,318
2002	40,673,175	55,394,300	24,077,900	5,917,900	5,400,000	38,145,113	13,068,700	55,787,100	241,924,628	238,464,188
2003	5,810,400	55,394,300	24,077,900	5,917,900	5,400,000	112,885,113	13,068,700	55,787,100	242,969,883	278,341,413
2004	5,810,400	55,394,300	24,077,900	5,917,900	5,400,000	121,931,263	13,068,700	55,787,100	240,244,043	287,387,563
2005	37,985,400	55,394,300	24,077,900	5,917,900	5,400,000	106,236,488	13,068,700	55,787,100	235,525,143	303,867,788
2006	37,898,588	55,394,300	24,077,900	5,917,900	5,400,000	107,633,938	13,068,700	55,787,100	236,832,970	305,178,425
2007	20,971,038	135,704,300	24,077,900	5,917,900	5,400,000	29,281,838	13,068,700	55,787,100	221,868,040	290,208,775
2008		138,159,150	24,077,900	5,917,900	5,400,000	68,982,100	13,068,700	55,787,100	243,048,603	311,392,850
2009		44,455,125	24,077,900	5,917,900	5,400,000	132,900,200	18,738,700	79,997,100	213,261,958	311,486,925
2010		44,455,125	24,077,900	5,917,900	5,400,000	135,170,000	18,738,500	79,994,500	215,532,455	313,753,925
2011		157,935,125	24,077,900	5,917,900	5,400,000	24,804,688	18,742,875	79,995,750	218,649,440	316,874,238
2012		161,298,925	24,077,900	5,917,900		30,267,500	18,738,500	79,996,688	222,072,560	320,297,413
2013		164,834,625	24,077,900	23,047,900		3,740,000	18,739,438	79,996,063	216,215,045	314,435,925
2014		168,470,675	24,077,900	22,630,840			18,738,813	79,992,313	215,179,415	313,910,540
2015		172,636,500	24,077,900	22,628,790			18,738,363	79,992,063	219,343,190	318,073,615
2016			201,077,900	22,848,540			18,742,613	79,993,713	223,926,440	322,662,765
2017			206,590,600	22,732,110			18,739,838	79,995,938	229,322,710	328,058,485
2018							18,738,888	79,992,125		98,731,013
2019							18,738,038	79,995,663		98,733,700
2020							18,740,563	79,993,788		98,734,350
2021							18,739,450	79,994,025		98,733,475
2022							18,737,975	79,993,038		98,731,013
2023							18,739,125	79,997,200		98,736,325
2024							18,740,600	79,997,025		98,737,625
2025							18,740,100	79,993,025		98,733,125
2026							18,740,325	79,995,138		98,735,463
2027							18,738,688	79,997,150		98,735,838
2028							18,742,600	79,992,563		98,735,163
2029							18,738,900	79,994,588		98,733,488
2030										
	230,442,355	1,575,709,650	792,914,900	186,804,520	64,800,000	980,427,523	508,464,844	2,098,292,700	4,115,825,440	6,437,856,491

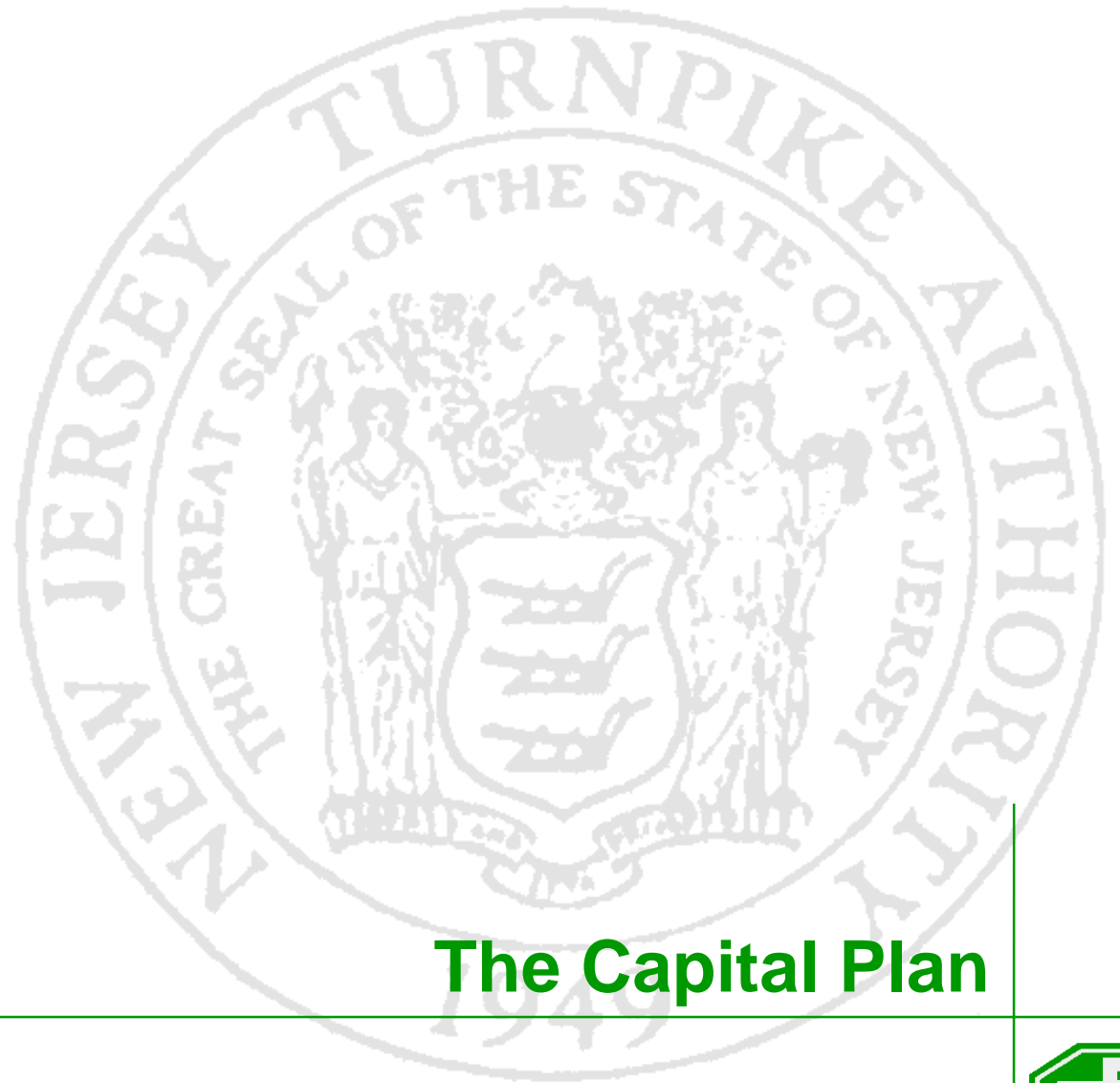
⁽¹⁾ Net of Bond Fund deposit

Refunding/Restructuring



OUTSTANDING DEBT SERVICE AFTER REFUNDING/RESTRUCTURING





The Capital Plan



The Capital Plan



Improved operating performance, significant revenue growth and the refunding and restructuring of existing debt provide a solid financial platform for the implementation of a new capital program intended to:

- Maintain the highest level of service for the Turnpike's commercial and passenger traffic
- Provide an expanded transportation infrastructure to support regional and economic development, and
- Facilitate access of off-Turnpike regional traffic to the Turnpike

The capital program will be funded with the proceeds of a \$917,000,000 new money bond issue (the Series 2000 Bonds) to be sold simultaneously with the refunding and restructuring bonds described above.

The Capital Plan



5-Year Capital Plan (in millions)	
Route 92	\$309 ⁽¹⁾
Secaucus Interchange	215 ⁽²⁾
Interchange 1 Relocation	40
Bridge Improvements (includes Decks, Painting, and Seismic Retrofit)	140
Service Area Improvements and Truck Service Area	50
New/Relocated Interchanges	60
Southern Widening and Interchange projects - studies, final design & ROW	20 ⁽³⁾
Sound Barriers	20
Environmental Projects (Soil/Groundwater Remediation; Env. Assessment of Surplus Properties)	15
Building Facilities Improvements	8
Miscellaneous Operational/Safety Improvements	40
Total	\$917

(1) Does not include \$60 million currently designated as a surplus in the Construction Fund which will be applied to Route 92

(2) Does not include approximately \$20 million currently available in the Construction Fund for this project.

(3) There is also approximately \$20 million available in the Construction Fund for these studies/final design.

The Capital Plan



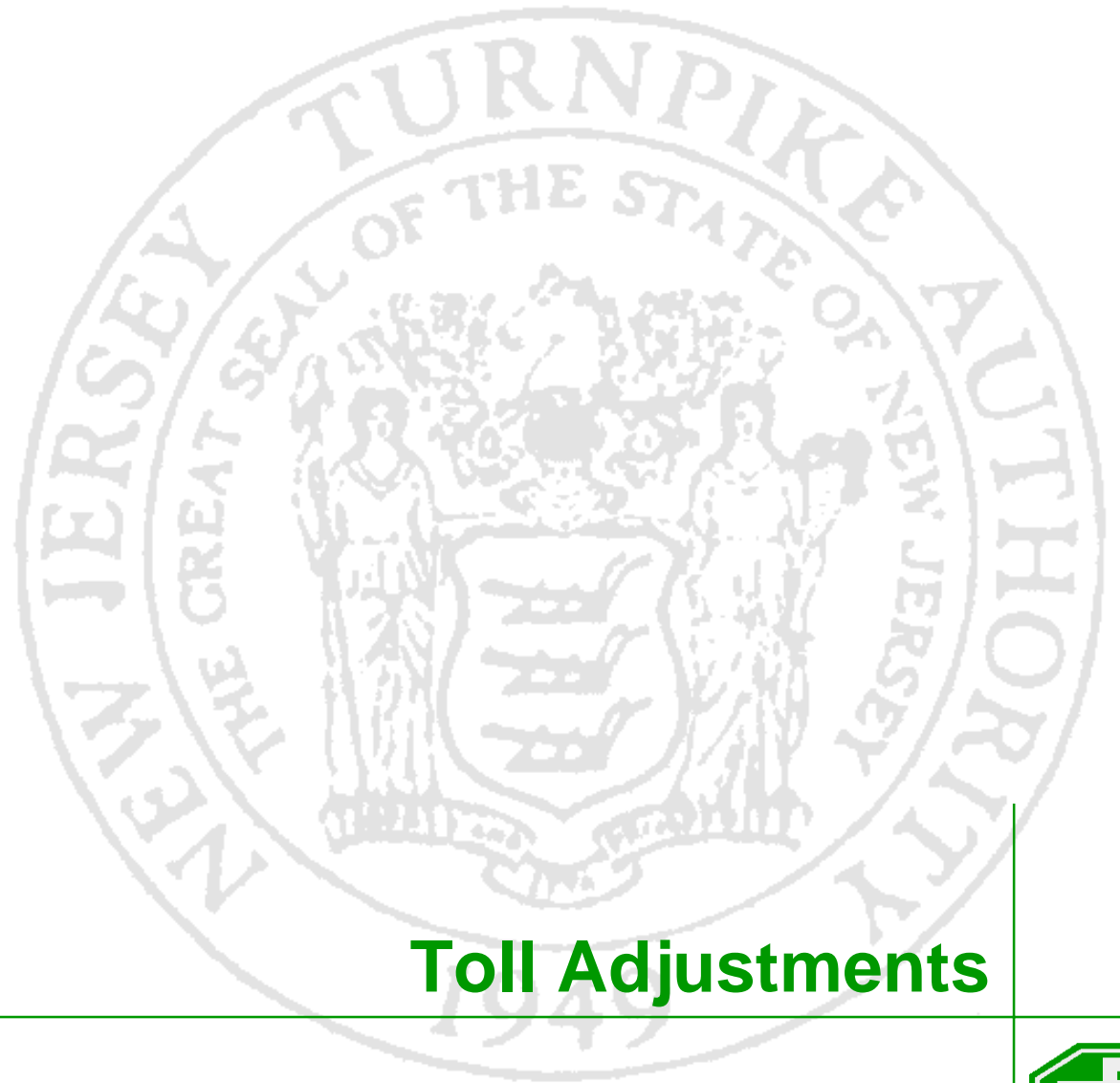
The Revenue and Expenditure Projections for the period 2000-2010 provide for the creation of a Supplemental Capital Fund to advance intermediate size projects without the issuance of new bonds.

The Capital Plan



Beyond the Capital Plan, the Authority is implementing electronic toll collection (E-Z Pass) which is funded from other revenue sources outside the Series 2000 Bonds.

E-Z Pass is under construction with a fully operational implementation date of May 22, 2000. The construction of a fiber optic network of approximately 400 linear miles provides capacity for serving E-Z Pass and leasing to the private sector. Lease revenues and administrative fees collected from toll violators are dedicated to pay construction and operating expenses of the E-Z Pass system.



Toll Adjustments



Toll Adjustments



In order to achieve the successful construction of the Capital Plan, the Authority must adjust tolls. Important elements of the toll adjustment are:

- Two toll adjustments, one on January 1, 2001 and one on January 1, 2003.
- Discounts for commercial and passenger vehicles using E-Z Pass.
- Variable pricing for passenger vehicles equipped with E-Z Pass.

Toll Adjustments



Each toll adjustment will be the equivalent of a 10% increase in toll rates. Increases vary based on the method of payment (cash or E-Z Pass) and the time of day. E-Z Pass passenger vehicles travelling Monday through Friday other than in the morning and evening commuter hours will experience no increase.

The Authority has not increased tolls since 1991.

Toll Adjustments



Summary of Proposed Rate Increases and Value Pricing Concepts

Market Segment	2001 ⁽¹⁾	2003 ⁽²⁾
Cars:		
Cash (all Day)	20.0%	17.0%
E-Z Pass (Peak Weekday) ⁽³⁾	8.0	10.0
E-Z Pass (Off-Peak Weekday)	0.0	5.0
E-Z Pass (all Weekend)	8.0	10.0
Trucks:		
Cash (all Day)	13.0	13.0
E-Z Pass (Peak Weekday) ⁽³⁾	8.0	8.0
E-Z Pass (Off-Peak Weekday)	8.0	8.0
E-Z Pass (all Weekend)	8.0	8.0

Note: The percent increases shown are approximations. Due to rounding to the nearest \$0.05, variations do exist in the actual percent increase, especially for the lowest toll rates.

(1) The percent increase in 2001 represents the increase over current tolls.

(2) The percent increase in 2003 represents the increase over toll levels after the 2001 rate increase.

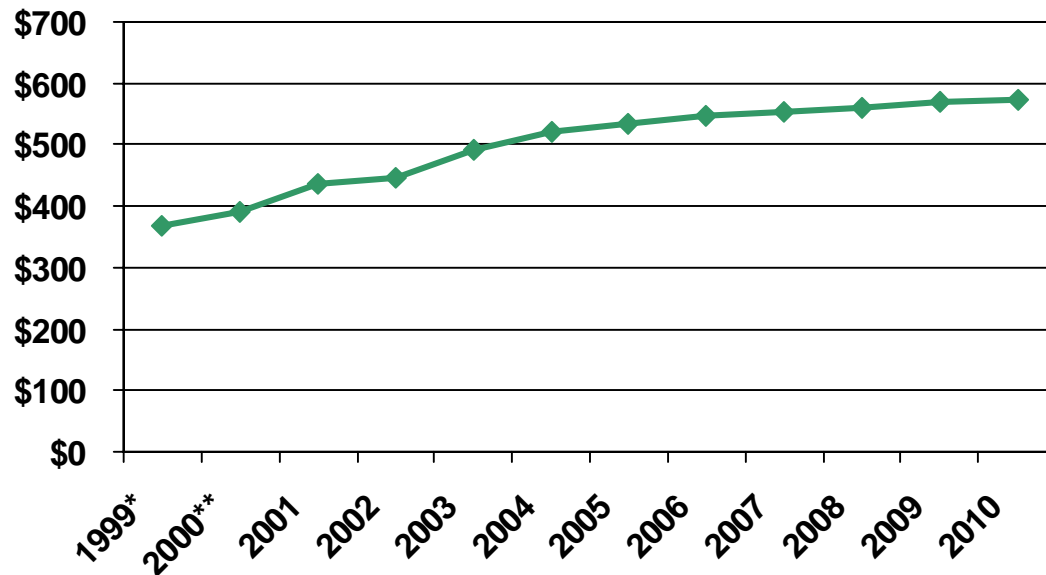
(3) Peak-period rates would be assessed during the morning and evening peak hours.

Source: Wilbur Smith Associates

Toll Adjustments



Revenue growth based on the toll adjustments and capital projects.



Toll Revenue Projections

	Toll Revenues	Annual Growth Rate
1999*	\$369.3M	---
2000**	\$391.0M	5.9%
2001	\$436.8M	11.7%
2002	\$446.4M	2.2%
2003	\$490.8M	9.9%
2004	\$519.5M	5.8%
2005	\$533.5M	2.7%
2006	\$547.1M	2.5%
2007	\$554.9M	1.4%
2008	\$561.5M	1.2%
2009	\$568.7M	1.3%
2010	\$574.6M	1.0%

*estimate as of 10/01/99.

**assumes ETC implementation by May 22, 2000.

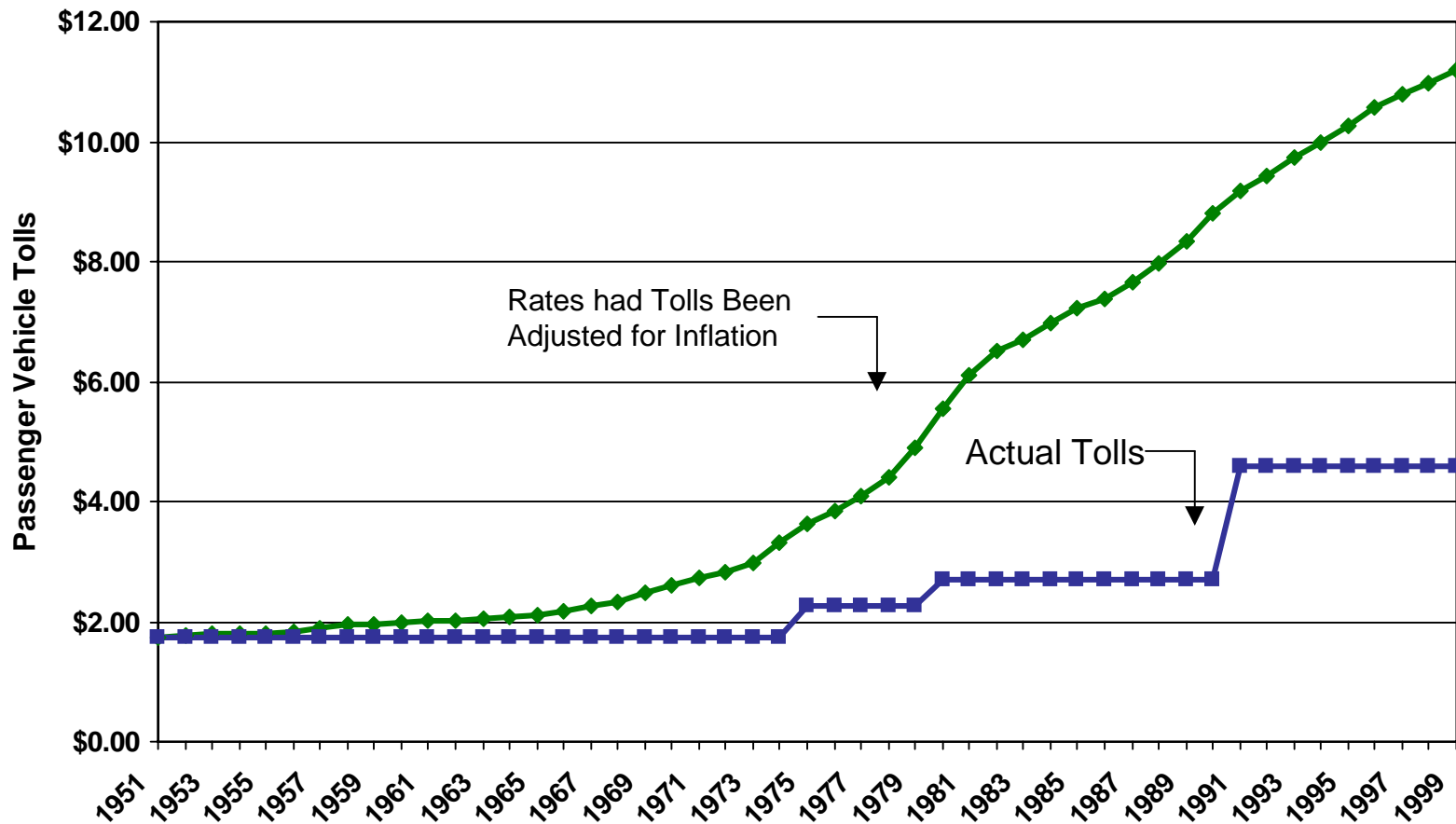
Source: Wilbur Smith Associates

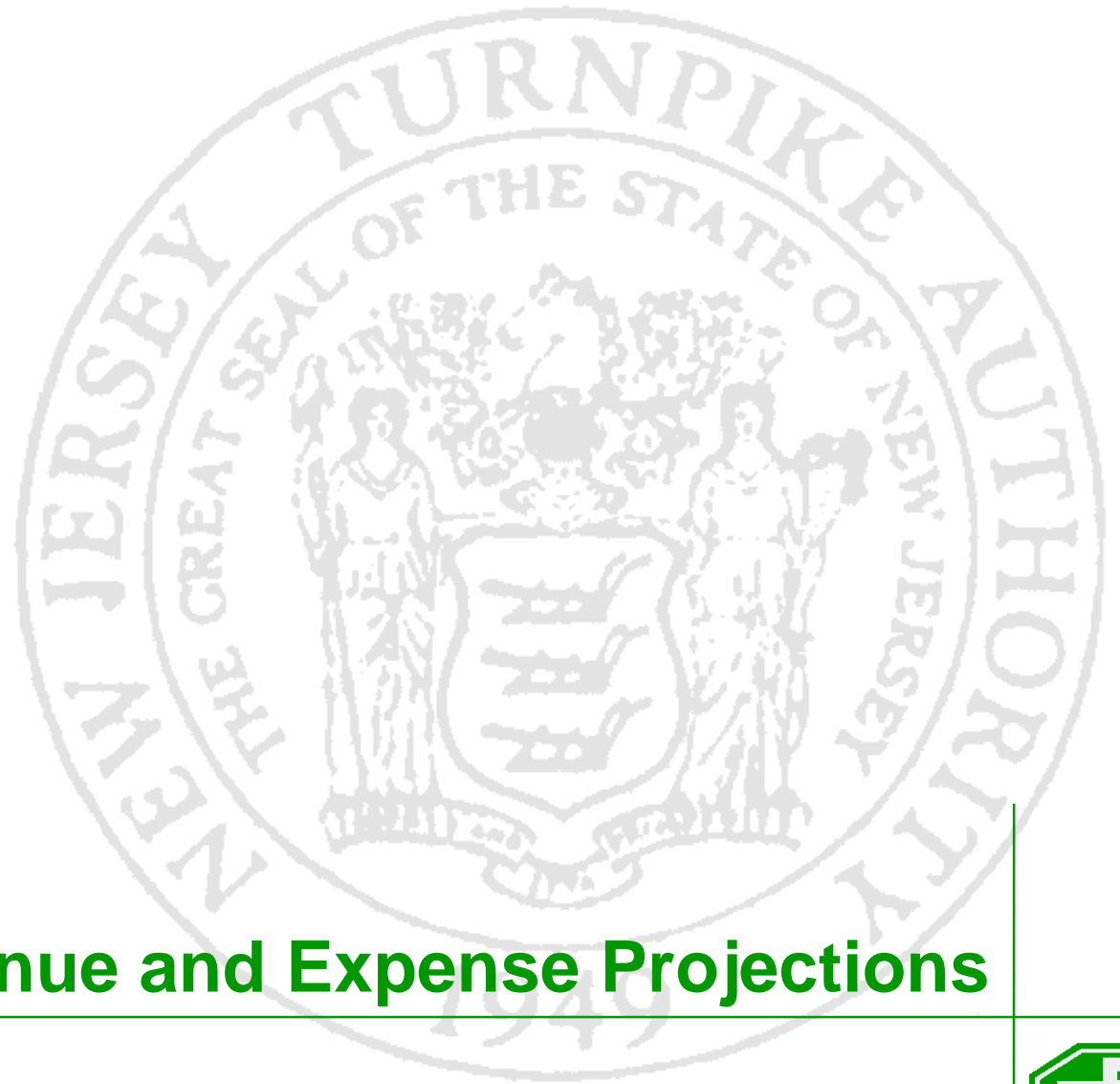
Toll Adjustments



Toll increases have substantially lagged inflation over the entire history of the Turnpike

Comparison of Actual and CPI Adjusted Toll Rates for Passenger Vehicles for Full-Length Trip





The 10 Year Revenue and Expense Projections



The 10 Year Revenue and Expense Projections



The 10 Year Revenue and Expense Projection incorporates the following

- Revenues adequate to support outstanding debt service which includes new money issue of \$917 million
- Significant increase in debt service coverage over minimum required under Bond Resolution
- Development of a new Supplemental Capital Fund
- Funding to support small capital projects in the aggregate of \$40 -\$50 million annually
- Minimum annual General Reserve Fund balances of \$30 million
- Increase in contribution to the Transportation Trust Fund

Cash Flow
Refunding, Restructuring, and New Money - with Capitalized Interest through 7/1/2001
Toll Adjustment in 2001 and 2003

New Jersey Turnpike Authority Revenue and Expenditure Projection																
(in 000's)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues																
Traffic and Toll	326,303	336,342	350,437	361,084	369,298	390,958	436,755	446,442	490,831	519,503	533,483	547,068	554,908	561,514	568,709	574,614
Uncollected Tolls	0	0	0	0	0	(855)	(3,376)	(6,422)	(4,309)	(2,262)	(1,999)	(2,051)	(2,081)	(2,107)	(2,134)	(2,158)
Net Traffic and Toll Revenues	326,303	336,342	350,437	361,084	369,298	390,103	433,379	440,020	486,522	517,241	531,484	545,017	552,827	559,407	566,575	572,456
% avg. toll increase							10.00%		10.00%							
Concession	12,516	14,128	14,479	15,341	15,000	14,800	15,100	15,500	16,600	17,350	17,900	18,950	19,500	20,100	20,700	21,300
Investment	11,499	17,809	12,890	10,367	8,500	7,941	10,293	12,053	12,877	13,134	13,532	13,655	13,480	13,980	14,095	14,255
Miscellaneous	1,715	1,296	3,194	2,458	1,600	1,200	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Total Revenues	352,033	369,575	381,000	389,250	394,398	414,044	460,472	469,273	517,699	549,425	564,616	579,322	587,507	595,187	603,070	609,711
Adjusted Operating Expenses	(173,552)	(164,203)	(159,700)	(161,522)	(163,000)	(167,000)	(161,383)	(162,780)	(164,479)	(168,673)	(171,471)	(174,318)	(177,190)	(180,110)	(183,057)	(185,955)
Net Revenues	178,481	205,372	221,300	227,728	231,398	247,044	299,089	306,493	353,220	380,752	393,145	405,004	410,317	415,077	420,013	423,756
Additional Revenues	0	74,522	72,806	44,071	44,582	0	0	0	0	0	0	0	0	0	0	0
Net Revs. Avail. for Debt Service	178,481	279,894	294,106	271,799	275,980	247,044	299,089	306,493	353,220	380,752	393,145	405,004	410,317	415,077	420,013	423,756
Total Bond Debt Service	(235,273)	(236,018)	(237,080)	(237,922)	(238,455)	(186,762)	(210,548)	(238,464)	(278,341)	(287,388)	(303,868)	(305,178)	(290,209)	(311,393)	(311,487)	(313,754)
less: Construction Fund Inv. Earnings	136,074	35,019	16,018	17,418	19,509	8,300	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040
Net Debt Service	(99,199)	(200,999)	(221,062)	(220,504)	(218,946)	(178,462)	(209,508)	(237,424)	(277,301)	(286,348)	(302,828)	(304,138)	(289,169)	(310,353)	(310,447)	(312,714)
Cash Flow Available for Reserves	79,282	78,895	73,044	51,295	57,034	68,581	89,581	69,069	75,918	94,404	90,318	100,865	121,149	104,724	109,566	111,042
Reserve Funding:																
Maintenance Reserve	(23,128)	(23,591)	(24,062)	(24,543)	(25,034)	(25,660)	(26,301)	(26,959)	(27,633)	(28,324)	(29,032)	(29,758)	(30,501)	(31,264)	(32,046)	(32,847)
Special Project Reserve	(24,215)	(26,500)	(18,500)	(14,500)	(20,000)	(20,000)	(21,000)	(16,800)	(17,640)	(18,522)	(19,448)	(20,421)	(21,442)	(22,514)	(23,639)	(24,821)
State Payment in Coverage Test	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)
Total Reserves	(59,343)	(62,091)	(54,562)	(51,043)	(57,034)	(57,660)	(59,301)	(55,759)	(57,273)	(58,846)	(60,480)	(62,178)	(63,943)	(65,778)	(67,685)	(69,668)
Net Revs. Avail. for Gen'l. Res. Fund	19,939	16,804	18,482	252	0	10,922	30,279	13,310	18,646	35,558	29,838	38,687	57,206	38,947	41,881	41,374
General Reserve Fund																
Beginning Balance	31,342	42,428	59,073	77,714	33,643	33,643	44,564	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Transfers (to)/from Revenue	19,939	16,804	18,482	(44,071)	0	10,922	30,279	13,310	18,646	35,558	29,838	38,687	57,206	38,947	41,881	41,374
Transfer (to) Suppl. Capital Fund	0	0	0	0	0	0	0	0	(2,218)	(25,558)	(19,838)	(28,687)	(47,206)	(28,947)	(31,881)	(31,374)
Repayment of Construct. Fund Adv.	0	0	0	0	0	0	(34,844)	(3,310)	(6,428)	0	0	0	0	0	0	0
Payments for Projects	(8,853)	(159)	159	0	0	0	0	0	0	0	0	0	0	0	0	0
State Payment from General Fund	0	0	0	0	0	0	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Ending Balance	42,428	59,073	77,714	33,643	33,643	44,564	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Debt Service Coverage																
Turnpike Revs./Net Debt Service	1.80	1.39	1.33	1.23	1.26	1.38	1.43	1.29	1.27	1.33	1.30	1.33	1.42	1.34	1.35	1.36
Turnpike Revs./Turnpike Obligations	1.13	1.06	1.07	1.00	1.00	1.05	1.11	1.05	1.06	1.10	1.08	1.11	1.16	1.10	1.11	1.11

Sources:
1995-1998: Authority actual results
1999-2010 Traffic Revenue Projections by Wilbur Smith Associates